

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF)	APPEAL NO. 13-A-1032
STEPHANIE BRUNSON from a decision of)	
the Bonneville County Board of Equalization)	FINAL DECISION
for tax year 2013.)	AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing November 7, 2013, in Idaho Falls, Idaho before Board Member David Kinghorn. Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision. Appellant Stephanie Brunson appeared at hearing. Assessor Blake Mueller and Appraiser Sherry Briggs appeared for Respondent Bonneville County. This appeal is taken from a decision of the Bonneville County Board of Equalization (BOE) modifying the protest of valuation for taxing purposes of property described by Parcel No. RPA04120040610.

The issue on appeal is the market value of an improved residential property.

The decision of the Bonneville County Board of Equalization is modified.

FINDINGS OF FACT

The BOE assessed land value is \$27,423, and the improvements value is \$174,155, for a total value of \$201,578. Appellant requests the total value be reduced to \$170,000.

The subject property is a .256 acre lot located in the Cedar Ridge Subdivision in Idaho Falls, Idaho. The lot is improved with a 2,019 square foot, 2-story residence built in 1990. The residence includes five (5) bedrooms, two and one-half (2.5) bathrooms, and has a 912 square foot attached garage.

Appellant purchased subject in November 2012 for \$170,000. It was argued the sale price should represent the property's current assessed value. Appellant noted subject

was originally listed for sale in August 2010 with an asking price of \$249,900. The asking price was reduced several times until it reached \$175,000 in August 2012. Appellant offered \$170,000 in October 2012, which was accepted. In Appellant's view, the long listing time and regular asking price reductions support the conclusion there was no distress on the part of the seller, and further that subject's purchase price represented full market value. Respondent regarded the reductions in asking price as evidence of seller duress.

Respondent provided information on 17 sales considered in the determination of subject's assessed value. The sale residences were generally similar to subject in terms of square footage, age, and construction grade, though most of the lots were somewhat larger than subject's. Sale prices ranged from \$153,000 to \$238,000, or between \$91 and \$146 per square foot of living area. Respondent considered subject's purchase price as an outlier in comparison to the other recent similar property sales.

Respondent also submitted a copy of the fee appraisal report completed in connection with Appellant's purchase of subject. The appraisal directly compared four (4) sale properties with subject and made value adjustments for physical differences between subject and the sales. The comparable sale prices were between \$175,000 and \$190,000. After making appraisal adjustments in the sales comparison approach, the indicated values for subject ranged from \$188,880 to \$199,014. The appraisal estimated a total value for subject of \$191,700.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires all taxable property be assessed at market value annually on January 1. The definition of market value is found in Idaho Code § 63-201, which provides,

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant contended subject's assessed value should mirror the November 2012 purchase price of \$170,000. Appellant regarded the long listing history of subject and multiple asking price reductions as evidence of a non-distressed seller attempting to secure the highest price possible. In Appellant's opinion, looking to sales of other comparable property was unnecessary because subject's recent purchase represented the best evidence of market value.

Respondent argued it would be improper to only consider subject's purchase in determining the property's assessed value. Rather, Respondent contended a consideration of all similar type sales was needed. Accordingly 17 such sales, including

subject's, were considered. Gross sale prices ranged from \$153,000 to \$238,000.

In addition, Respondent provided a fee appraisal report regarding the subject property dated September 12, 2012. The appraisal considered four (4) recent sales for comparison with subject. After making adjustments for differences between the sale properties and subject, the adjusted sale prices ranged from \$188,880 to \$199,014. The fee appraiser estimated subject's market value at \$191,700.

The Board appreciates the efforts of both parties in providing a good amount of market value evidence for consideration. While a recent purchase of a property can offer strong evidence of market value, the Board agrees with Respondent that it is also necessary to consider the comparable sales. This effort can help determine whether subject's purchase price reflected market value or may be something of an outlier. Though Respondent found subject's purchase price was an outlier, the Board does not share this conclusion.

Subject's \$170,000 purchase price was on the lower end of the sales in the record, but it was not the lowest. The lowest sale price of \$153,000 involved a residence graded "A+". Subject's residence, by comparison, is considered a "Good" construction quality grade, which is several levels lower. There were a good number of sales in excess of \$200,000, however, there were also a lot of sale prices in the \$170,000 range. In other words, sale prices were somewhat varied, which is not uncommon. Overall, the sales do not support that subject's purchase was a clear outlier, but rather show that subject's recent purchase was on the lower end of the spectrum for this particular type of property.

As such, subject's purchase price was a major consideration in the Board's decision.

Another key source of market value evidence was provided in the independent fee appraisal. The sale properties were individually compared to subject and value adjustments were made for physical differences. Showing an adjustment range of 3.3% to 10.9%, the net adjustments appeared reasonable. In all, the value conclusion of \$191,700 was found to be well supported.

In all, the Board was provided with three (3) value opinions, subject's purchase price, the fee appraisal report, and the BOE's value conclusion which was evidently based on a consideration of a large number of sales. All three (3) values were supported by timely market information and each factored into the Board's analysis. Overall, the information pointed toward subject's assessed value being somewhat overstated. Giving the most weight to subject's recent purchase, the Board will reduce subject's total value to \$180,000. The decision of the Bonneville County Board of Equalization is modified accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bonneville County Board of Equalization concerning the subject parcel be, and the same hereby is, MODIFIED to reflect a decrease in subject's total value to \$180,000, of which \$27,423 is attributable to subject's land, and \$152,577 to the improvements.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due

from Appellant.

DATED this 13th day of February, 2014.